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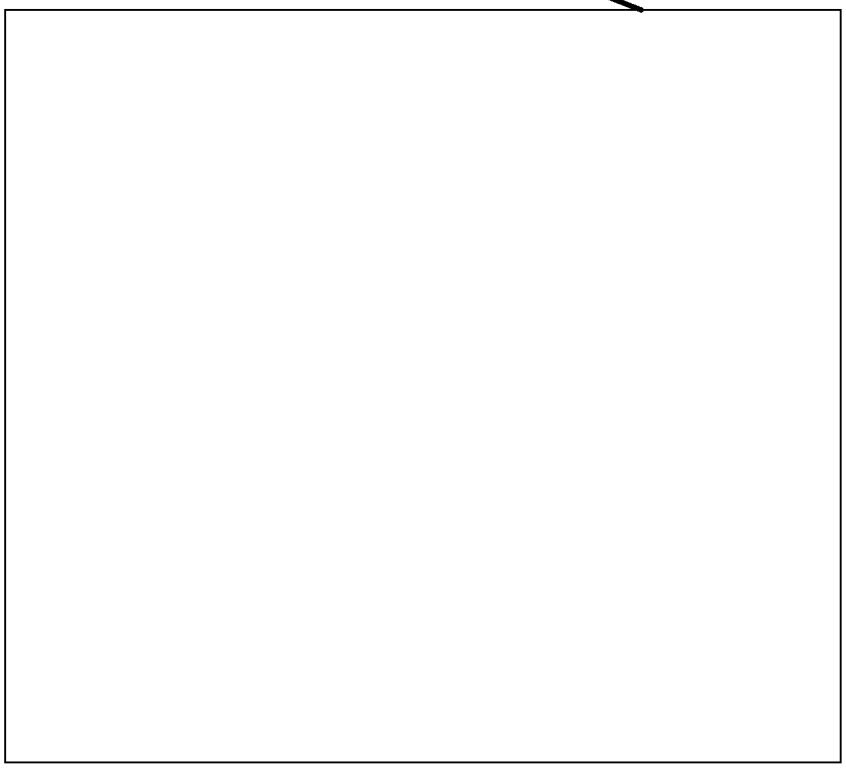

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POLITICAL INSTABILITY AND REGIONAL TENSIONS

Volume II—Supporting Analysis

Information available as of 14 September 1981 was used in the preparation of this Estimate.

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The Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, and the intelligence organization of the Department of State.

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KEY JUDGMENTS [1]

This Estimate addresses areas of high geopolitical importance to the United States, outside the Soviet Bloc and China, in which political instability or regional tensions are most likely to create problems of major consequence for the United States during the next two to three years. [2] Some of these will require crisis management, while others will call for sustained policy attention and a redirection of intelligence efforts. The Estimate addresses the principal sources of instability and tensions in each area and the extent to which these problems are, or can be, manipulated by the USSR or other outside powers. It also discusses the implications of these questions for the United States.

Regional Tensions

The principal areas where regional tensions and armed conflicts are most likely to escalate and to necessitate US policy responses are:

- Israel–Arab states
- Iraq-Iran
- Central America
- The Horn of Africa
- Southern Africa
- Afghanistan-Pakistan
- India-Pakistan
- Vietnam-Kampuchea-Thailand
- North Korea–South Korea

Domestic Instability

A. The principal countries in which major change detrimental to key US interests has at least an even chance of occurring in the next two or three years are:

[redacted]

[1] The Key Judgments are reproduced here as they appeared in volume I.

[2] Political instability is defined as the potential for sudden and significant change in the leadership, policies, or condition of a country. The most dramatic manifestation of instability is the revolutionary overthrow of a regime, as in Cuba in 1959 or Iran in 1979. Developments short of revolution, however, sometimes lead states to alter their policies abruptly in ways that can substantially affect US interests. The Estimate does not deal with the frequent coups d'etat in countries such as Bolivia, where coups shift the spoils of office from one set of leaders to another but often have little effect on anyone else. Nor is it concerned with political violence, including terrorism, that does not connote major political change. Regional tensions are defined as strained relations between neighboring states that have significant potential for major armed conflict. The Persian Gulf, the South Asian subcontinent, and the Korean Peninsula provide outstanding examples. The Estimate does not address the initiation of war by major powers, but it does consider the dangers of outside intervention in unstable areas or, as in Afghanistan, of intervention leading to wider conflicts.

[redacted]

B. The principal countries in which major change detrimental to key US interests has a significant, although lesser, likelihood of occurring in the next two or three years are:

C. In certain other important countries, political stability appears to be fairly well assured in the next two or three years, but there are deep-rooted social and economic forces at work that might undermine stability and lead to major changes of great consequence to the United States. These countries are:

There is no "global instability" as such, but instead a myriad of internal and interstate conflicts. Many of these conflicts will be significant for the United States primarily because the USSR or its close associates will continue to aggravate, exploit, and in some cases promote them.

Because they are so often triggered by elusive and seemingly minor events, certain new crises will erupt without warning. This will be somewhat less likely, however, with respect to regional conflicts than to coups and other internal disruptions.

In the less developed world the United States will continue at times to face the dilemma of either accommodating popular but anti-US opposition forces, or supporting ineffective and sometimes oppressive governments. In some instances, the continuation in power of incumbent rulers may increase pressures for radical change, thus undermining the long-term US objective of promoting constructive change through nonviolent means.

The principal sources of instability and tension will remain local, although in many instances exacerbated by outsiders—particularly the USSR and its associates—seeking geopolitical advantage. The potential

for influence by the United States or other friendly countries will vary from case to case, and those Western actions that are tailored to the special characteristics of each situation will have the best prospects for being effective.

There is a good chance that despite remedies offered by the United States or governments friendly to it, certain crisis situations will work to Soviet advantage, particularly those arising from racial divisions in southern Africa and the Palestinian question in the Middle East. The USSR and its friends have thus far been better able than the United States to identify with positions on these issues that enjoy widespread popular support.

Some cases of instability in the less developed world, however, can almost certainly be resolved to US advantage. In many areas, the United States enjoys respect and influence while the USSR and its close associates—which have sometimes bungled their chances—are distrusted. Certain new factors, moreover, especially world reactions to events in Afghanistan and Poland, are enhancing the ability of a more determined United States to influence events in the less developed world.

THE NATURE AND SIGNIFICANCE OF THE PROBLEM

Internal Instability and Regional Tensions

1. Widespread instability and tension will persist for the foreseeable future, particularly in the less developed world. Few of the underlying problems have solutions in sight.

2. Interstate conflicts growing out of acute *regional tensions* are likely to present the most serious dangers to US interests during the coming years. Many of these tensions reflect longstanding national rivalries or ethnic antagonisms. Post–World War II decolonization, by shattering earlier anticolonial alliances and reducing the influence of major powers, permitted many of these tensions to break into the open. The immediate issues may involve boundary disputes, access to waterways or natural resources, or local arms races and the possible acquisition of nuclear weapons.

3. Decolonization has also encouraged regional conflict by bringing scores of new actors into international politics and multiplying the competing claims to regional leadership. Many of these new states refuse to play by old rules. As seen most dramatically in conflicts between some Middle Eastern regimes, rival governments frequently regard each other as targets for violence and subversion, not as legitimate members of a world community.

4. *Internal instability* is largely the product of acute social and economic discontent that produces pressures too great for governments and societies to contain, manage, or deflect. Rapid population growth and meager resources are its most deeply rooted sources, making it difficult for many governments to meet material demands. The energy price spiral has exacerbated this difficulty during the past decade. In particular, the 1979-80 round of oil price increases debilitated the economies of non-oil-exporting less developed countries (LDCs), which last year saw their oil import bill jump 55 percent and their current account deficit rise to $59 billion. Largely because of higher fuel costs, most of these countries had slower economic growth in 1980 than in any other year since 1975. Where rapid economic development is still possible (mostly in oil-exporting states), it often spawns other problems: disruption of traditional social structures, increased economic inequality, and accelerated urbanization, resulting in crushing demands on public services and the loss of stabilizing ties to family, village, and established customs.

5. There is no simple and direct relationship, however, between such difficulties and the level of discontent. Much depends on the extent to which people learn of differences in living conditions, perceive their own condition to be a problem, and become exposed to alternative solutions. The growth of education, literacy, and modern mass communications in recent years has heightened awareness on all these counts. For example, the number of radio receivers per capita in developing countries nearly doubled between 1965 and 1975. Such burgeoning of the capability to disseminate ideas has helped to generate and focus grievances and has increased the politically sensitive proportion of the population in many countries.

6. Discontent leads to instability where the social fabric is weak and there are no strong political institutions capable of converting discontent into orderly change. Many LDCs lack such institutions, because most of them have not developed traditions of political compromise and a loyal opposition. In some of these states, the regime's heavy reliance on foreign support and its susceptibility to foreign influence run counter to nationalist sentiment. Widespread corruption, inefficiency, and abuses of power foster further cynicism and distrust of government in many of these states. So do ethnic, tribal, and sectarian divisions, since the boundaries inherited from the colonial era place many people under the rule of longtime adversaries.

7. Ethnic divisions and lack of natural resources are irremovable, and rising energy prices and other global economic developments are beyond the control of most governments. Vulnerable regimes still have considerable latitude in trying to cope with these and other problems, but often they must choose among equally unattractive alternatives. They might have a choice between antagonizing the left and antagonizing

the right, or between the costs of stagnation and the risks of modernization, but they cannot make such dilemmas vanish.

8. The principal choice is often between short-term and long-term instability. Postponement of economic reforms and austerity measures, such as reduction of costly food subsidies, avoids immediate protests but necessitates more drastic and painful steps later. Similarly, harsh internal security practices may check opposition movements but also increase hatred of the regime, fueling stronger opposition in the future. The tendency of most governments is to address immediate problems at the expense of longer term ones. Because of this, many unstable regimes will survive the period of this Estimate, buying time with repression or with spending that surpasses their means, but will emerge even more vulnerable than they are now.

9. Internal instability and regional conflict are frequently related:

- Many insurgencies receive sanctuary or other support from neighboring states (as in southern Africa and Central America).
- Internal instability may offer the opportunity to confront a weakened and distracted enemy (as Iraq was tempted by turmoil in Iran).
- A state may intervene in an unstable neighboring country to forestall adverse political change (the USSR in Afghanistan in 1979) or to reverse a change that has already occurred (Tanzania in Uganda in 1979).
- Military intervention in an internal conflict often threatens other states and risks expansion into interstate war (Vietnamese forces in Kampuchea as a threat to Thailand).
- Dissatisfaction with the costs or outcome of a war can severely erode a government's domestic support (as happened to Pakistan's Yahya Khan after the 1971 defeat by India).

10. Outside powers frequently exploit internal instability and regional tensions, aggravating both. In parts of Latin America, Cuban and Soviet support for revolutionary groups affects both the degree of instability and the character of possible successor regimes. Some local conflicts, including those in the Horn of Africa as well as in Central America, have become complex international problems as they have become entwined with East-West issues. Nevertheless, the principal sources of instability and tensions remain indigenous. Outside attempts to capitalize on, or to reduce, such instability and tensions are apt to be only partially effective if they do not take full account of the local roots of conflict.

Limits to Forecasting

11. Although the sources of instability and tension may be clear, the specific events that trigger a crisis are often unforeseeable. This is particularly true of internal disruptions, which generally lack indicators as clear as the military deployments that sometimes portend the outbreak of war. A catalyst of political change may be as small and difficult to track as an assassin's bullet, or as immune to political analysis as a natural disaster. We cannot forecast exactly when an unstable situation will erupt into crisis, and thus neither can we forecast which of the many unstable situations around the world will erupt during the period of this Estimate. We can, however, roughly estimate the probability of each potential crisis, identify the most important forces that could generate new conflicts, and assess the degree to which these forces might strengthen, abate, or be contained. We can also identify those countries and regions—chiefly the ones mentioned in the Key Judgments of this Estimate—that will require the closest attention by the Intelligence Community because of their potential for endangering US interests or because of gaps in our knowledge of those areas.

12. Increases in internal instability are often discernible, but there are no reliable and universally applicable indicators of when instability has reached a dangerous level. Strikes, riots, and similar disorders do not necessarily presage changes having significance for US interests, because in many states they are habitual and expected modes of expression. Normal levels of unrest vary considerably from one country to another, even within the same region.

13. Nor does terrorist violence necessarily indicate a critical level of instability. Terrorism, especially indiscriminate attacks by nihilistic groups, generally can bring about political change only indirectly, by pro-

voking repression, coups, or other unpopular actions by political leaders or security forces. Change thus depends not only on the amount of violence but on the tolerance and resilience of the society and on the wisdom and forbearance of the authorities.

14. A larger uncertainty involves countries or regions that do not appear important to the United States now but could become so because major powers get involved, materially or symbolically. A struggle in a country of little economic or strategic significance would evolve into a major crisis if it came to be perceived as a test of the power, resolve, or restraint of the United States or the USSR. For example, the insurgency in El Salvador is important largely because of Soviet and Cuban support to the rebels and because of Washington's expanded commitment to the government.

15. The pattern of East-West competition in some unstable areas, however, will be largely determined by circumstances outside either superpower's control. The 1974 coup in Ethiopia, for example, drastically revised the US-Soviet rivalry in and around the Horn of Africa. Other unexpected events—including initiatives by local actors—could have comparable effects on the stakes and shape of the superpower competition elsewhere.

Regional Variations

16. The sources and consequences of instability have become increasingly international. Because of economic interdependence, worldwide inflation and recession buffet nearly every country. Because of modern mass communications, people are more aware of inequality. They are also more exposed to ideologies that foster resentment of inequality and to revolutionary methods for altering it. Mass media have made different publics responsive to certain of the same issues, and have made it possible for unrest in one country to stimulate it in another. Weapons flow freely across international boundaries, with opposition groups obtaining them from a variety of private and governmental sources, sometimes with financing from like-minded foreign governments. Despite these links, however, there is no such thing as "global instability"—that is, a single source or pattern of instability—but instead an assortment of disparate problems in many different unstable areas. The types of events that can precipitate crises, the susceptibility of problems to foreign manipulation, and the consequences of instability for US interests all vary considerably from one trouble spot to another.

17. The trouble spots where crises are most likely to arise during the period of this Estimate are discussed in the regional annexes. No geographic breakdown, however, can totally and fairly depict worldwide patterns of instability. There is at least as much variation within regions as among them. Furthermore, several geographically focused problems cut across conventional regional boundaries. For example, the US-Soviet rivalry in the northwest Indian Ocean has political consequences for states in Africa, the Middle East, and South Asia. Similarly, the effects of the Islamic resurgence are felt in portions of all three of these regions as well as in Southeast Asia. Some local tensions, such as between Libya and African states to its south, cross regional boundaries.

18. Nevertheless, there are several broad differences among the six regions discussed in this volume (beginning at paragraph 51), including:

— **Economic problems as contributors to instability:** Simple lack of resources and the inability to meet basic needs are the chief economic problems in most of the developing world. But most European governments are relatively more concerned about inflation, unemployment, currency flows, and other problems of industrialized economies. In some oil-exporting states of the Middle East the principal economic threat to stability is the disruptive effect of sudden wealth.

— **Political weaknesses as contributors to instability:** African and Middle Eastern countries have generally made the least progress toward broader political participation and the development of pluralistic institutions. Political cultures are relatively more conducive to stability in Europe and, to a lesser extent, Latin America, where most states have long been independent and have had greater opportunity to evolve political traditions and institutions.

— **Ethnic, tribal, and religious divisions as contributors to instability:** The most destabilizing divisions vary from region to region, with racial and tribal distinctions being important in Africa

and religious or sectarian tensions being most apparent in the Middle East and South Asia.

— **Strengths and weaknesses of outside powers:** The ability and desire of each outside power to influence events tend to vary from one region to another, partly because of geography and historical ties. The same colonial connections that have been a source of resentment may also be used as channels for influence. Largely for this reason, the West Europeans have larger roles in Africa and the Middle East than in other areas. The United States has the advantage in Latin America of proximity and of numerous economic and political links, but also the disadvantage of being widely perceived as an imperialist power, partly because of past interventions. The USSR has a similar mix of assets and liabilities in the Middle East and South Asia, where its invasion of Afghanistan is especially resented but also serves as a reminder of its capacity for military intervention or intimidation in these areas. China is a significant player in East and South Asia, a lesser one in Africa, and of relatively little consequence elsewhere.

— **Salient regional issues:** Certain issues or campaigns pervade the politics of an entire region, although they may arouse much less interest elsewhere. In the Middle East there is the demand for a Palestinian homeland. In Africa there is opposition to white minority rule in southern Africa. Besides being direct causes of regional conflict, these overriding concerns reduce the flexibility of governments in solving other problems and shape—and constrain—the opportunities for outsiders to exert influence.

Exploitation by the USSR

Soviet Interest in Instability and Tensions

19. The Soviets see both opportunities and hazards in political instability and regional conflict. Instability in pro-Western states may offer the prospect of strengthening leftist movements, establishing clandestine assets, and bringing anti-Western and even pro-Soviet elements to power. Elsewhere, however, it can endanger Soviet interests. The Soviets' realization that instability cuts both ways is reflected in their ideological distinctions between "progressive" and "reactionary" political change. The Soviets find their most promising opportunities in the less developed world, most of which was colonized by Western powers. The USSR has been encouraged by its gains in such countries as Cuba, Angola, Ethiopia, South Yemen, and Vietnam, despite the setbacks it has suffered in other LDCs.

20. Moscow has repeatedly and emphatically affirmed its commitment to revolution and support of what it calls "national liberation" groups. This support:

— Promotes the formation of anti-Western and, Moscow hopes, pro-Soviet governments.

— Enhances the USSR's standing among nonaligned countries by keeping it on the popular side of several international issues, particularly those of Palestine and of white minority rule in southern Africa.

— Reinforces the USSR's status as a great power.

— Offsets the efforts of China, which has provided smaller amounts of aid to revolutionary groups and has challenged Moscow's self-proclaimed role as the vanguard of world revolution.

21. The USSR sometimes attempts to create instability, but is far more active and successful in exploiting it where it already exists. Because military assistance is one of Moscow's most effective means of expanding its influence, the Soviets are best able to make inroads in areas where the possibility of revolutionary violence or warfare creates a demand for arms. In this regard, regional tensions may benefit Moscow by making military aid appear more important to the states involved than the economic and technical assistance the West is better able than the Soviets to provide. Similarly, Soviet ties to insurgent groups are frequently based on Moscow's ability to supply weapons and training.

22. The Soviets try to profit from instability in two other ways, which do not necessarily require the establishment of pro-Soviet regimes. One way is to play on the fears of vulnerable nonaligned or pro-Western governments to push them toward policies more favorable to the USSR. A current target is Pakistani President Zia: by threatening to subvert his government, Moscow evidently hopes to intimidate

Zia and to minimize his support for the Afghan insurgents.

23. Another Soviet tactic is to attempt to discredit the West through propaganda and covert activities. Instability and local tensions expand Moscow's opportunities for linking Western governments to disruptive and unpopular actions. For example, the USSR helped to spread the lie through the Islamic world that the United States was involved in seizing the Grand Mosque of Mecca in 1979. A more recent Soviet propaganda theme is that the United States intends to intervene militarily in El Salvador. The USSR has long used the "National Voice of Iran," a clandestine radio operating from Soviet territory, to promote anti-American themes in Iran. The Soviets also support Cuba's extensive propaganda aimed at the Caribbean, Latin America, and other parts of the Third World.

Assistance to Opposition Groups

24. The USSR provides a wide range of support to opposition groups.[6] It furnishes weapons and training to such armed resistance movements as SWAPO and the PLO. Besides such military assistance, Soviet aid includes money, propaganda, safehaven for exiled leaders, and intelligence support.

25. Moscow also assists and seeks influence with groups that are not challenging their governments now but could do so in the future. It provides financial aid and guidance to Communist parties and other pro-Soviet political movements. It brings military officers and young intelligentsia to the USSR for university education or other training. This gives Moscow the opportunity to indoctrinate the trainees in Marxism-Leninism, to cultivate pro-Soviet sentiments, to identify individuals who might be exploited to serve Soviet interests, and generally to make inroads into the political-military establishments of the countries concerned. Where possible, the Soviets also directly attempt to penetrate the military, the civil bureaucracy, or such mass organizations as labor unions and student associations.

26. Many opposition elements supported or courted by Moscow appear to have little chance for power in the near term. But the Soviets cannot prophesy events in unstable situations any better than we, and they try to position themselves to exploit any opportunities that might arise. They place a large number of bets, evidently expecting that some will not pay off for years.

27. Soviet decisions on where to place these bets partly reflect the economic or geopolitical importance of specific countries and the anticipated responses of Western powers. In selecting specific recipients for its aid, Moscow naturally prefers leftist revolutionaries but otherwise pays less attention to a group's ideology than to its prospects for success and its support for Soviet state interests. The USSR has often slighted avowed Marxists in favor of non-Marxists who appeared to have more popular support. International support is also important: sometimes the Soviets have overtly assisted recipients of their covert support—such as the PLO, SWAPO, and the Patriotic Front in Rhodesia—only after such movements were recognized by other states, the United Nations, or regional bodies such as the Organization of African Unity. In these cases, Moscow is probably acting not only to gain influence over the guerrillas but also to preserve its revolutionary credentials and its standing with other countries.

Use of Other States and Organizations

28. The Soviets make use of a number of other states and organizations in providing material support to insurgents and opposition groups. These associates include the Soviets' Cuban and East European allies, such radical states as Libya, Syria, and South Yemen, and certain Palestinian groups. In some instances, such states or organizations serve as conduits for Soviet aid. The relationship is less direct in other instances, with a radical government furnishing arms from its own stockpile and in turn being resupplied by the USSR. The degree of collusion between Moscow and its associates varies considerably. It is far closer with Cuba, for example, than with Libya, and any of these states may assist opposition groups independently. Regardless, Soviet support better enables its associates to assist revolutionary groups with weapons, training, or even troops.

29. By staying at arm's length from some revolutionaries, the Soviets are less likely to antagonize other parties to a dispute and can more easily extract

[6] See SNIE 11/2-81, *Soviet Support for International Terrorism and Revolutionary Violence*, 27 May 1981.

themselves from a losing cause. Furthermore, by avoiding direct association with the Soviets, a group may also be able to avoid the stigma of being controlled by a great power. The link with Moscow is sometimes the greatest handicap to avowedly pro-Soviet parties in trying to organize and lead a broadly based opposition.

30. The interests of the USSR and its associates are seldom identical but often complementary. Although Soviet leaders probably consider some of their associates' activities to be disadvantageous to the USSR, they are generally willing to pay this price to enjoy the benefits of the relationship. Libya, for example, despite Qadhafi's unpredictability, pays large amounts of hard currency for Soviet arms and could become important to Moscow as a source of oil.

Restraining Influences

31. The initiation or instigation of coups, insurrections, or revolutions in areas outside the USSR's immediate sphere of influence may not always serve Soviet interests. In most cases, Moscow no doubt judges that local pro-Soviet elements are too weak to assume control and that prodding them into grabbing for power prematurely would be counterproductive. It often sees greater advantage in doing business with incumbent governments—particularly governments, such as those in Brazil and India, that have had serious frictions with the United States—than in attempting to overthrow them.

32. Accordingly, the Soviets at times counsel restraint to Communist parties and other protege groups, and frequently place higher priority on good state relations than on support to local Communists. Moscow apparently views certain radical nationalist regimes, such as those in Syria and Libya, as serving Soviet interests well enough that the risks of attempting to replace them with Communist governments would be unacceptable. Relations with some moderate or conservative regimes, especially those with important resources or commodities to sell (such as Moroccan phosphates), are also beneficial enough to the Soviets that they choose not to jeopardize them with serious support to radical opposition groups.

33. Against the possible benefits of bringing its friends to power, Moscow must weigh potentially high costs. An unsuccessful leftist coup or insurrection can cause an angry ruler to turn away from the USSR and toward the West (as President Nimeiri did after pro-Soviet coup attempts against him in Sudan) or can trigger a countercoup by rightists (as occurred in Indonesia in 1965). If the leftists succeed, their seizure of power could in some circumstances elicit damaging responses from other states. Neighboring countries might seek closer ties, including military cooperation, with the United States or other Western powers. Public opinion in the West could become more militant, delaying international negotiations and agreements sought by Moscow.

34. For similar reasons, Moscow is sometimes circumspect in extending major support to leftist governments that have taken power peacefully. Close Soviet ties to such a regime could encourage a politically fatal domestic backlash (as against Chile's Allende in 1973) or Western intervention (as against Guatemala's Arbenz in 1954). It is probably to avoid comparable reactions that the Soviets have so far been hesitant to extend major aid directly to the revolutionary regimes in Nicaragua and Grenada.

35. Local wars can also entail substantial costs and risks to Moscow. As with the Iraq-Iran conflict, war may make it more difficult to maintain good relations with both belligerents. If a Soviet client is militarily inferior to its enemy, it risks defeat and with it a blow to Soviet prestige (Syria vis-a-vis Israel, for example). More important, where both superpowers have high stakes, a US-Soviet military confrontation is a danger. Moscow can avoid these risks, however, as long as tensions do not erupt into open warfare. Moreover, these risks will not deter Moscow from exploiting many interstate conflicts (such as those in the Middle East and southern Africa), as well as opportunities presented by internal instability (as in El Salvador and Guatemala).

Impact on the United States

36. The destruction and disruption caused by revolutions, insurgencies, and regional wars can inflict significant costs on the United States and other third parties, regardless of the political outcome of such conflicts. Commerce, including shipment of strategic resources, may be interrupted and foreign-owned property destroyed. The breakdown of law enforcement may ease the production or shipment of illicit

narcotics, as it has in Iran. Refugees may become a burden for neighboring countries, or for the United States as a haven of last resort. Economic costs can be substantial: interruption of oil exports by the Iraq-Iran war, for example, would have been far more damaging to Western economies were it not for softness in the world oil market.

37. The United States suffers less directly but more widely from the anti-Western aspects of ferment in unstable areas. For most LDCs, independence meant freedom from Western rule. Decolonization has not ended accusations that wealthy Western states exercise "neocolonialist" domination over the poor, a charge the USSR has largely managed to escape. As the leading Western power, the United States is the prime target of such criticism even though it never acquired a sizable colonial empire.

38. US economic and cultural influences are widespread in developing countries. Exposure to the more affluent US lifestyle makes the gap between rich and poor more obvious. It nurtures resentment over the gap, as well as the belief that the rich, to stay rich, must be exploiting the poor. Moreover, Islamic fundamentalists and others anxious to return to traditional ways of life oppose US influence as culturally damaging regardless of the economic costs and benefits.

39. Upsurges of these sentiments can hurt US interests in several ways. US citizens, diplomatic missions, or businesses can become special targets of violence. New regimes that ride anti-US or anti-Western themes to power are disinclined to cooperate openly with Washington. Most important, friendly but insecure governments become more cautious in supporting US policies.

40. A sharp change in a country's internal politics, however, does not necessarily imply a comparable shift in its foreign relations. New regimes face many of the same constraints and economic imperatives as the old, usually including the financial need to export natural resources to wherever they are in demand. Often a government's radical rhetoric and domestic policies will diverge sharply from its day-to-day foreign relations, as suggested by the desire of such states as Angola, Libya, Nicaragua, and Zimbabwe to do business with the West.

41. Dependence on foreign lenders—many of which are Western banks—is another economic link to the West that many LDCs would probably retain even if they underwent political change. At the start of 1981, 41 non-OPEC LDCs were each carrying more than $1 billion of external debt, with Brazil ($54 billion) and Mexico ($49 billion) heading the list. Brazil's debt will probably reach $60 billion this year, and the current account deficits and financing requirements of many other LDCs will also continue to rise. Staying in good graces with the lenders is an inducement for debt-ridden governments to avoid radical or doctrinaire economic policies, particularly any that would harm or scare away foreign investment.

42. Military and intelligence ties, and particularly the use of facilities by US forces, are more likely than economic relations to become casualties of political change. Military links are conspicuous and widely perceived as a compromise of nonalignment. The removal of a US military presence could lead to the introduction of Soviet or other foreign forces, but will not necessarily do so in every case. Since the USSR's invasion of Afghanistan and the resultant weakening of Cuban and Soviet influence in the nonaligned movement, nonalignment has shed some of its earlier pro-Soviet bias. But whether a regime rejects a Soviet military presence ultimately depends on whether it avoids heavy reliance on Soviet aid, and this often depends on how much assistance it can secure from Western sources.

43. If a regime closely associated with the United States falls, US prestige might also decline. Other governments might interpret the event as a lesson in the political hazards of cooperating too closely with Washington, and thus become less cooperative themselves.

44. Regional conflicts can pose direct problems for the United States if a US ally is involved. This is true even with—or especially with—a nominal ally such as Pakistan, whose interests diverge in significant respects from those of the United States. In such cases, Washington might face a difficult choice between risking entrapment in a local war by providing support and risking damage to the credibility of US commitments by staying aloof. In other instances, an ally might take abrupt actions that limit US policy options or damage US relations with other governments, as occurred with the recent Israeli strike against the Iraqi nuclear facility.

45. Instability and regional conflict sometimes benefit the United States in certain respects. Several times in the recent past—notably in Egypt, Sudan, and Somalia—governments have turned abruptly away from the USSR and toward the West because of an external threat, a failed coup, or disappointing Soviet support. The Persian Gulf war encouraged a similar albeit less abrupt shift by Iraq and distracted Iran from efforts to export its revolution. There could also be favorable changes of leadership in unstable countries that now have anti-US regimes. Iran is currently the outstanding example, although any markedly pro-Western shift in Iranian politics would raise the possibility of more pronounced Soviet pressure on Tehran.

46. Regional conflicts and foreign military intervention sometimes make nearby moderate states more willing to cooperate with the United States on security matters. The Iraq-Iran war, the Soviet invasion of Afghanistan, and the Vietnamese intervention in Kampuchea have all had this effect to some extent. The attitudes of the moderates, however, will also continue to depend on their perceptions of US strength and determination. Moreover, many friendly nonaligned states are less inclined than Washington to view their security in terms of East-West competition. Some of these states would resist expansion of US military activity on their territories, believing it to be an internal political liability and of little help in countering what they regard as their principal threats.

47. Some friendly governments might accept more extensive security ties with the United States, despite any negative political impact in their countries, because they value their relationship with Washington for other reasons and do not want to damage it. For example, Egyptian President Sadat's commitment to a US-managed Middle East peace is one reason he has approved US activities despite Egyptian sensitivity to any foreign military presence. Keeping US activity at a politically safe level in such countries will require considerable US discretion in balancing local sensitivities against broader security objectives.

48. The United States will in many instances have only a limited and indirect ability to alleviate instability and regional tensions. US assistance can sometimes counter the most immediate threats to a beleaguered government and expand its options in dealing with other problems, but solutions to those problems will still depend on the foresight, leadership, and political courage of the local rulers. Economic aid, for example, does not eliminate economic inequality, nor does it usually provide sufficient leverage to induce an otherwise stubborn regime to enact needed reforms. The United States will at times be caught between ineffective governments and popular but anti-US opposition forces. In such cases, actions aimed simply at retaining the incumbents and their policies can undermine long-term stability by increasing pent-up pressures for change.

49. In some unstable areas, action by a West European power—perhaps utilizing historical ties to a former colony—would be more effective than any steps taken by the United States. In other cases, concerted allied support to moderate elements could be useful, as it was during the Portuguese revolution. US and allied objectives in some critical areas, however, are apt to differ—over the relative importance of economic and military relations, for example—making the management of instability and regional tensions a potential source of friction within US alliances.

50. Despite continuing constraints, the United States might have somewhat more ability to influence events in unstable areas of the non-Communist world during the next couple of years than it did during the 1970s, because of:

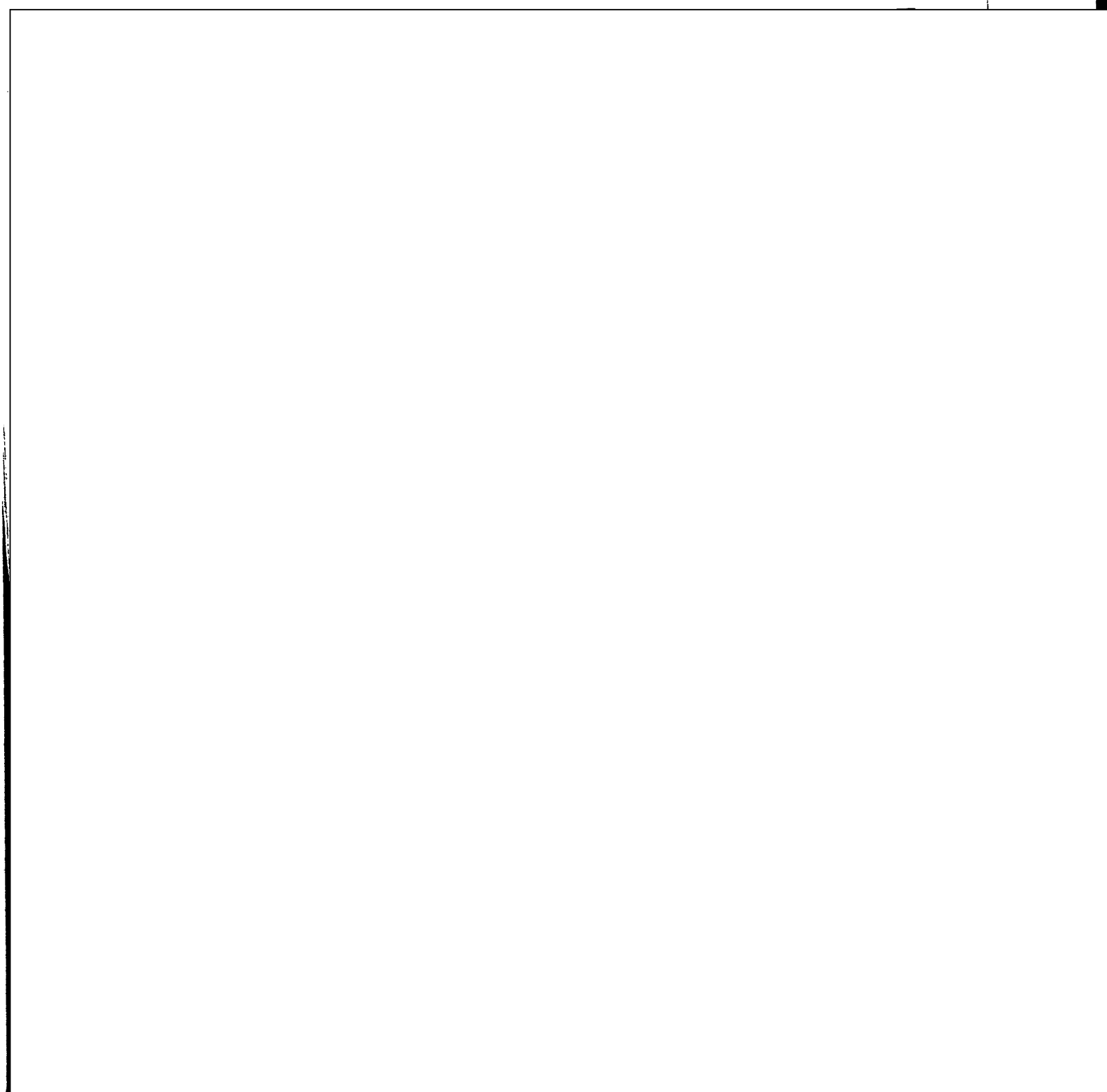
— The widespread perception that the current US administration is more assertive in foreign affairs than were its recent predecessors.

— The reduction of the USSR's support and credibility, particularly in Southwest Asia, caused by its invasion of Afghanistan.

— Moscow's focus on problems in Poland.

These developments have marginally increased the willingness of at least some governments and populations to accept the advice, cooperation, and example of the United States in preference to those of the USSR.

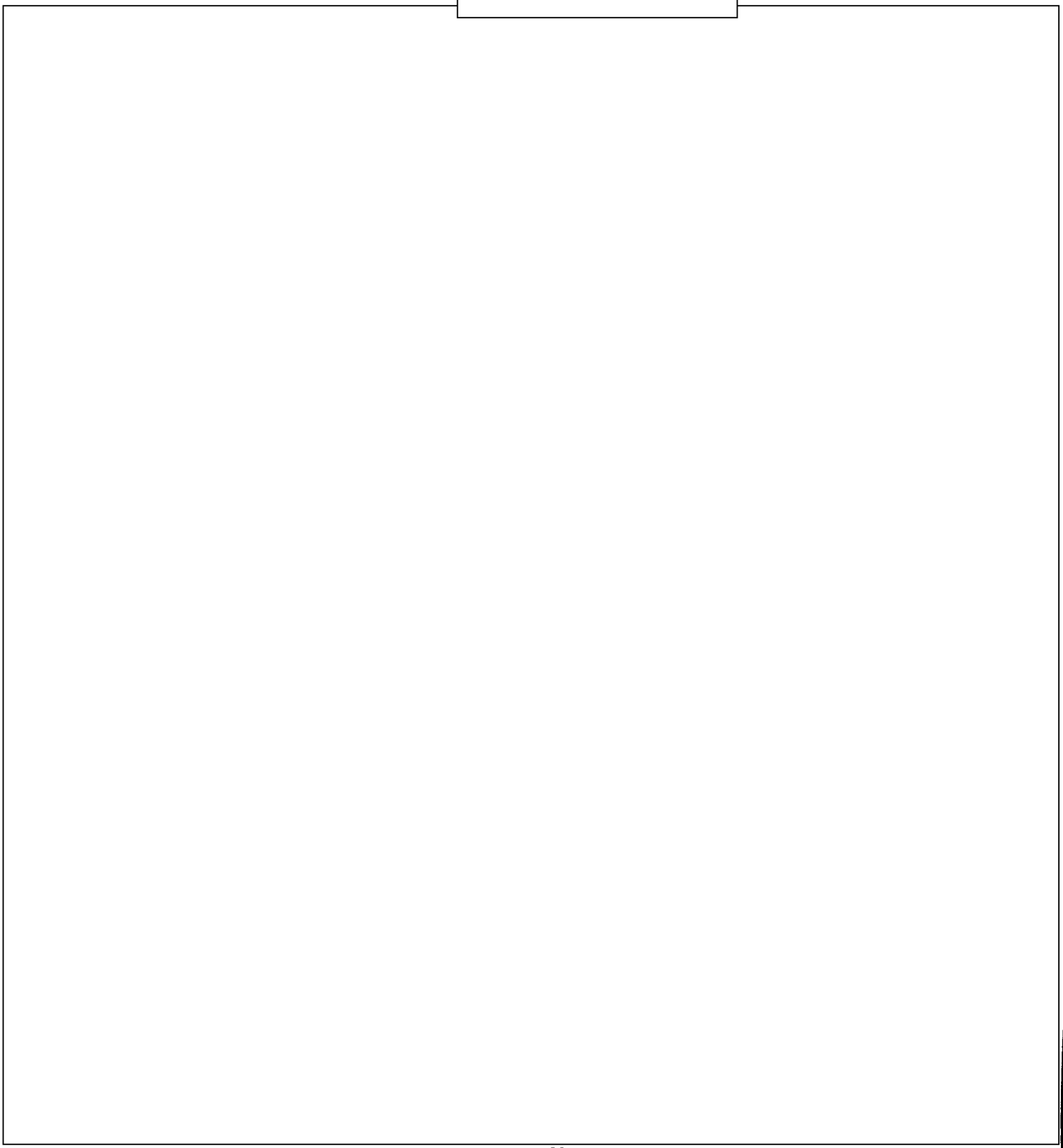
REGIONAL BACKGROUND

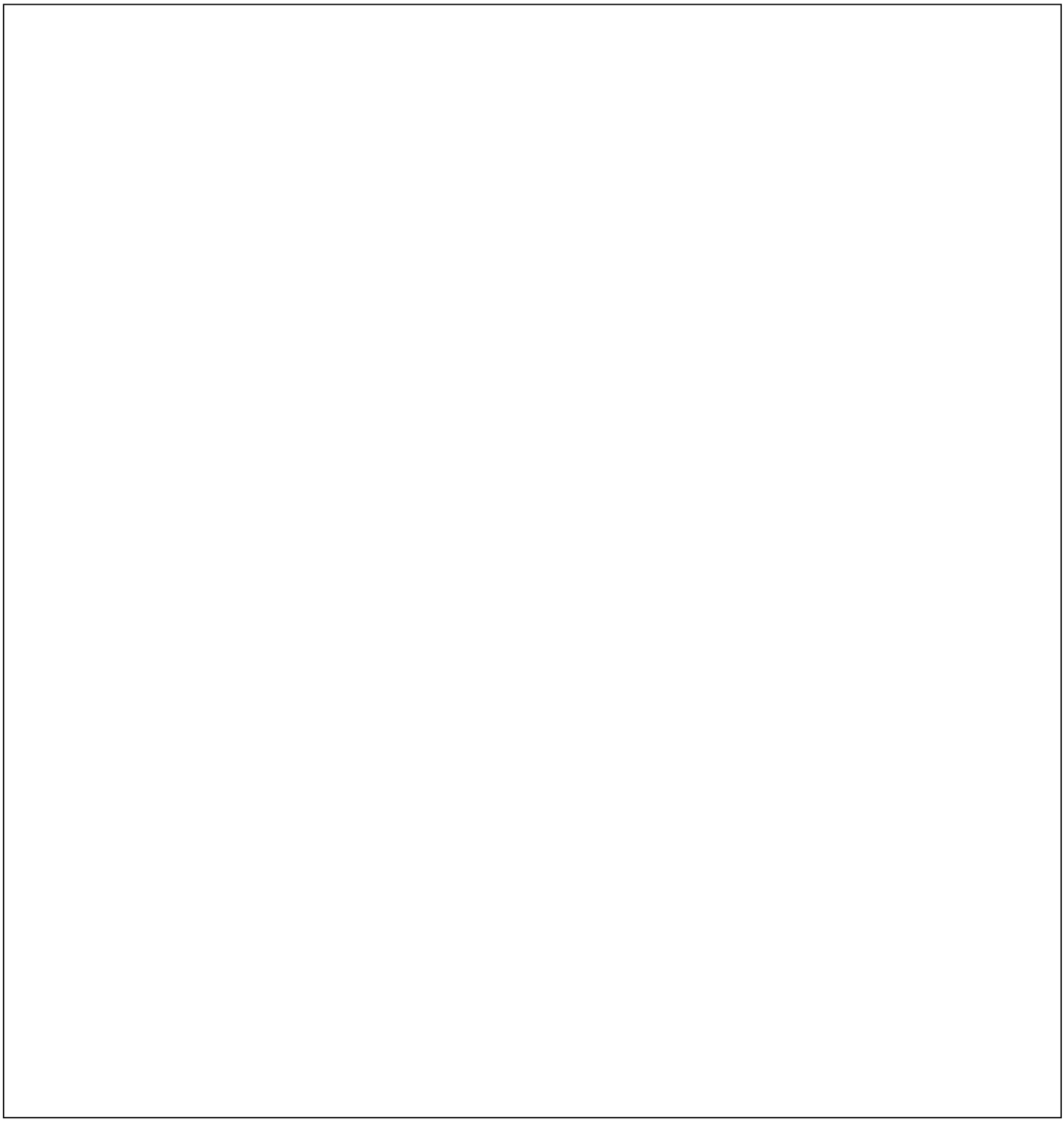


Instability on the Arabian Peninsula

183. The pro-Soviet regime in South Yemen is the most immediate threat to the moderate peninsular states. It has well-equipped armed forces and also

supports two of the potentially most disruptive radical groups in the area, the National Democratic Front (NDF) in North Yemen and the Popular Front for the Liberation of Oman (PFLO). The Soviets are probably entrenched deeply enough in Aden to prevent a more moderate regime from coming to power there in the near future. Tension between South Yemen and its more conservative neighbors will thus remain high. South Yemen will probably not attempt overt aggression but might step up its assistance to the opposition groups.





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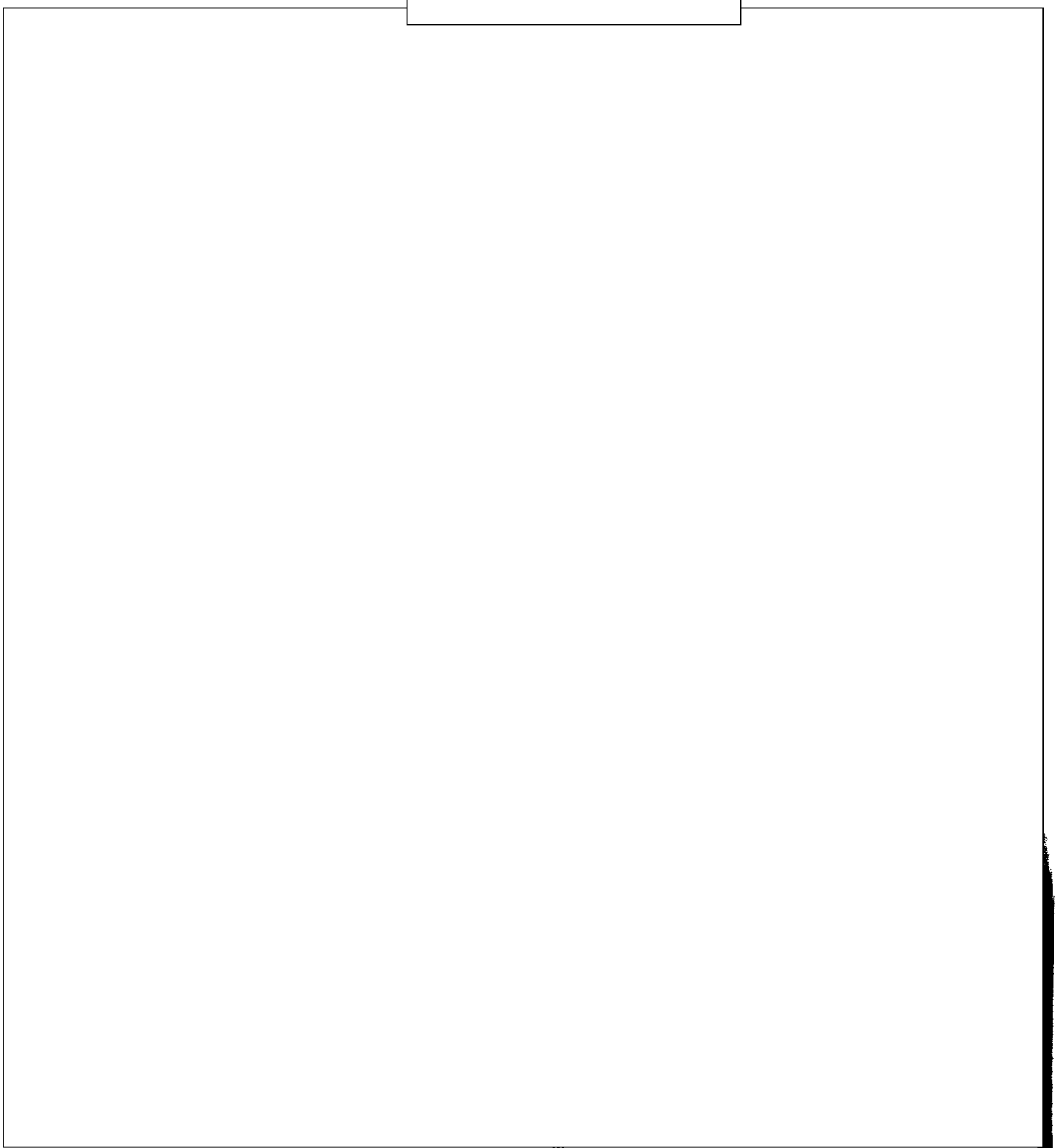

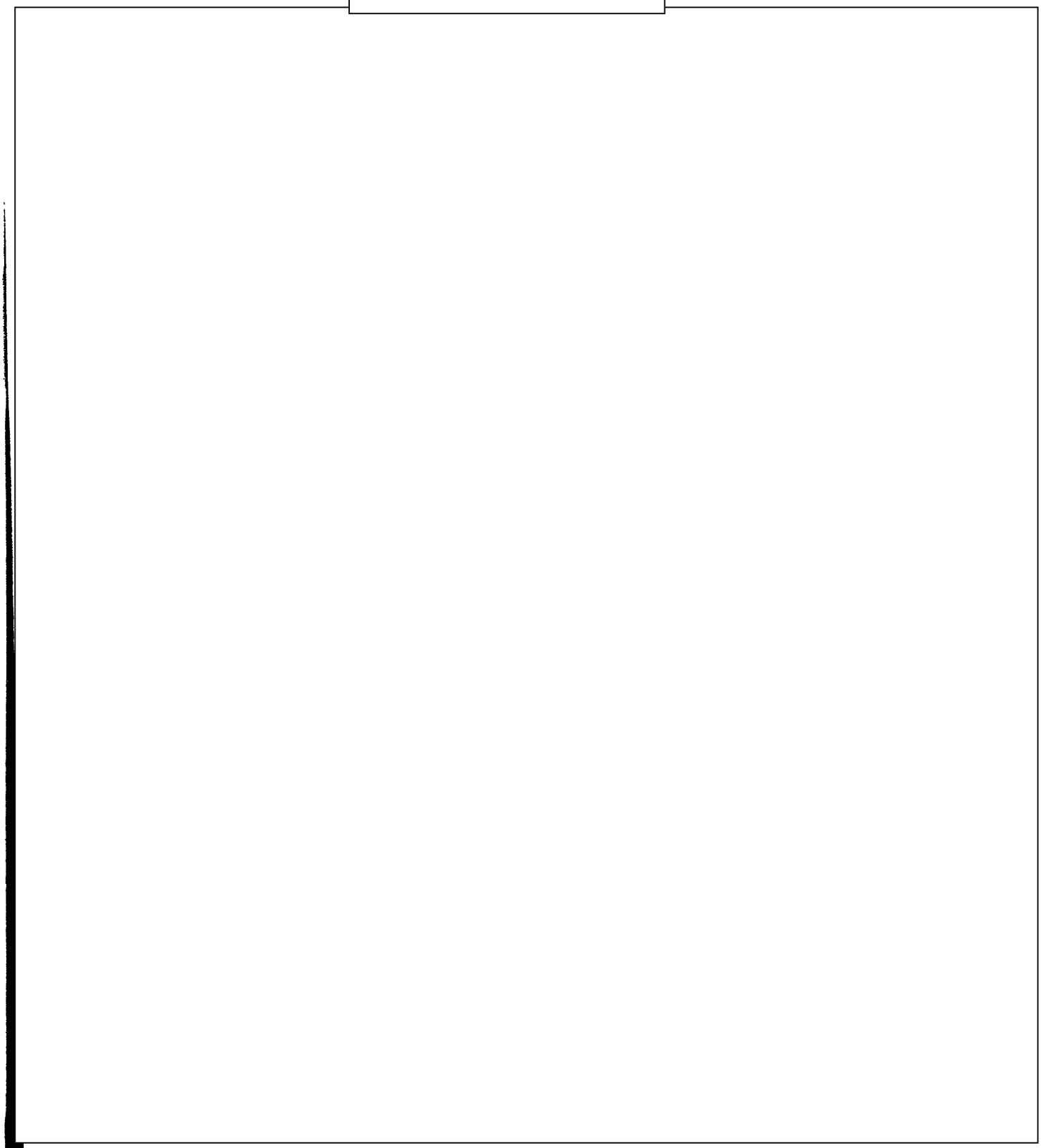

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